

Blue Shield Medicare Advantage Part D

BACKGROUND

A Medicare Advantage (MA) health plan is a plan that contracts with the federal government under the MA program to provide health benefits to persons eligible for Medicare who enroll in and receive services from the plan instead of receiving their benefits and care through the traditional fee-for-service Medicare program. The federal Center for Medicare and Medicaid Services (CMS) pays MA plans to provide members all traditional Medicare basic benefits.

To participate in a MA plan, members must be enrolled in both Medicare Parts A and B and receive all Medicare – covered benefits through the MA plan. Members are required to choose a Primary Care Physician and to receive services from the plan's network providers. The Medicare Prescription Drug, Improvement and Modernization Act (MMA) signed into law in December 2003, established a prescription drug benefit program referred to as Medicare Part D effective January 1, 2006. A Group Medicare Advantage Part D (GMA-PD) plan administers and delivers both medical and prescription drug coverage. CalPERS is currently offering a GMA-PD plan to members through Kaiser Permanente.

According to the California Association of Physician Groups, California has the greatest number, over 1 million, and proportion, over 30 percent, of Medicare beneficiaries enrolled in MA plans. In some markets such as southern California and the San Francisco Bay Area almost 50 percent of beneficiaries receive their Medicare benefits via a MA plan.

Blue Shield of California (BSC) has developed a GMA – PD product and introduced this plan for its commercial group accounts effective January 2009. As part of its 2010 rate proposal, BSC has proposed adding a GMA-PD plan for CalPERS in nine counties in southern California effective January 1, 2010.

Moving from the existing Supplement to Medicare program to the GMA-PD in the select counties will lower CalPERS premium costs in 2010 and result in net savings to the state and public agency employers. At a time when the State's public sector employers are facing unprecedented financial pressure, the GMA-PD proposal offers public employers and employees alike with an option that both enhances quality of care and provides cost savings.

Differences Between a Supplement to Medicare Plan and GMA-PD

BSC currently has 24,000 CalPERS members statewide enrolled in the Supplement to Medicare plan. These members receive their care via the traditional Medicare fee-for-service delivery system. Under that system the federal government pays providers directly for members' medical claims, and BSC's supplement plan pays the Medicare co-insurance and deductibles for medical claims and all pharmacy claims. As such, members do not receive the same managed care-style benefits that active employees receive in which care is delivered through the coordinated approach of a health plan and a structured provider network.

Under a GMA-PD plan members will have their care managed in the same manner as active employees in which their care is closely coordinated by their network primary care physician (PCP) and where they receive enhanced pharmacy benefit management services through BSC's pharmacy benefit program. This approach to care is especially beneficial to members with chronic conditions that require focused attention over long periods of time.